## INSURE MT CARRIER MEETING – APRIL 21, 2008 RED LION COLONIAL HOTEL HELENA, MT

Present: Helen Taffs, SAO; Jill Sark, SAO; Shawn Graham, OBPP; Jan, Ginny, SAO; Todd Y. Lovshin, Alleigance; Jan VanRiper, SAO; Connie Welsh, DOA; Clyde Dailey, Lindeen for State Auditor; John Moore (facilitator), DOA; Carole Cottrell, New West; Peter Butler, New West; Jared Short, BCBS; Karen Diehl, BCBS; Kristy Amestoy, BCBS; Frank Cote, BCBS; Eric Schindler, BCBS; Eril W. Deeg, BCBS; Jim Edwards (via telephone), Mountain West.

Question: Would your company submit an offer if the RFP were written for:

- A single carrier?
- Multiple carriers?

#1 – All three carriers would consider submitting the offer if the RFP were written for either a single or multiple carrier contract. When asked if there was a downside to a multiple carrier contract all responses were that there would not be a downside so long as there was a level playing field. It would depend on how the RFP is set up—they would need to know up front that stop loss and rating restrictions applied to all carriers.

Question: What would your company offer (lower/higher cost) for:

- A single carrier plan?
- A multiple carrier plan?

#2 – One carrier indicated that there would be a higher cost for a contract with multiple carriers. Another carrier stated it would depend on how the contract is set up. Insure MT is a different group in that it is comprised of many different very small groups and the carrier would need to consider the risk due to the population of the group.

Question: Would your company be interested in creating a risk sharing collaboration with another company if the RFP were written for a multiple carrier plan?

#3 – One carrier responded that they would be cautious depending on what's proposed—they would not close the door but their offer would depend on how the RFP is structured. Another carrier would consider what kind of risk to self insure or reinsure—create the second tier. One carrier would be very cautious—if it was a requirement they may or may not submit an offer. One carrier stated it would be a challenge and the effort may not be worth the return.

The carriers were asked how the RFP would need to be structured. It was suggested that the group would need to be self-funded for the program to be successful. A workable multiple carrier contract would hinge on self funded rather than fully insured. Another carrier stated it is logical to go self funded but all carriers had to have equal information with a level playing field. It is easy to say but not easy to do.

It was asked what the statute said with regard to self funded versus fully insured and multiple carrier contracts. According to MCA 33-22-2004(1)(k), the Board must 'approve no more than six fully insured group health plans'; and (m) 'contract with no more than three health insurance issuers'. It was suggested that the program should consider being self funded through a certain level and reinsuring. It was stated that this change would take a legislative action and legislature does not meet until after the new contract will be in place (January 2009).

## (NOTE: question 5 was answered before question 4)

Question: What would the effect of implementing a program policy that imposes time limits for businesses to participate in the program?

#5 – A clarification was requested regarding this question. The question is asking what the carriers' comments would be if Insure MT program policy was revised to limit the length of time a group could participate in the program. One carrier stated that this raises concerns; maybe it would be workable if the group remained in the pool even if they do not have a subsidy. A carrier agreed with this statement. Another carrier stated cost could be higher in the first year or two—rotating groups out could worsen the pool.

Question: If your company accepted the contract with Insure Montana, how would you handle the producers that have already established relationships with current groups?

#4 – One carrier had no issues with the current producers. Another carrier stated they would figure out a way to work with current agents. A carrier stated that this is an area of concern—they could not say they would appoint all of the current agents but would look at it.

Question: What would be the effect to your offer (if any), if the program requested additional funding to double the size of the pool and the legislature approved the funding?

#6 – One carrier said there would be larger administrative discounts and depending on what the benefit platform looks like, there could be advantages. Another carrier stated that adding additional funding would be good. One carrier stated they were not sure if this would have a great impact on the rates that they would offer.

Question: Would your business be willing to rate on a community rating system (large group)?

#7 – A clarification was requested of the definition of community rating. The response was that the question was pertaining to large group rather than community rating because community rating is not defined. One carrier felt they would likely not be willing to offer a bid if it were for one rate; maybe if there was some way to assign rate levels. A carrier stated that if Insure MT is treated as

one group, the result will be conservatism in the rating. Insure MT is different from other large groups because of the number of different businesses. Another thing is that the members of Insure MT have one reason to be together--just purchase insurance. Other than a large group where members are together for reasons other than to purchase insurance. One carrier suggested asking within the RFP the question as to how the carrier would rate the group as it did in the prior RFP.

Question: Should businesses be required/allowed to have their rate level adjusted (up or down)? If yes, how often should the rate level be adjusted?

#8 – One carrier stated an underwriter would say "yes and often". It was suggested one per year. Another carrier suggested at most one a year and at least once every four years. Another carrier agreed with once per year. I was stated that the businesses within the Insure MT purchasing pool had substantial turnover so the risk would likely change in a year.

Question: What mechanisms should be included in the RFP to keep costs down?

#9 – All three carriers agreed that case management, care management, disease management, and a health risk access would help keep costs down.

Question: What requirements for claims management, including Utilization Review (UR), large case management, disease management, maternity management, etc., should be included in the RFP to keep costs down?

#10 – Although all three carriers are already doing this, it was suggested as a good idea to include this in the RFP.

Question: What could your company do to help the pool manage overall costs? What resources does your company have to keep costs down?

#11 – All three carriers said it was the same answer as question #9. One carrier offered that since there was limited information due to Insure MT members not having insurance previously that anything that can be done to get them to the proper care would be beneficial.

Question: How will the distribution of the product be handled?

#12 – All three carriers expect to work with current agents and do not see the need for advertising.

Question: What would you want to see in the RFP regarding lifetime maximums?

#13 – All three carriers agree that \$2,000,000 is appropriate. There was a suggestion to impose an annual maximum for cost containment.

Question: What is your company's quoting process?

#14 – All three carriers use the same process; include health, area, demographics, etc.

Question: What is your company's renewal process formula/calculation?

#15 – All three carriers would evaluate claims experience.

Question: Would your offer to Insure Montana include a contract that provided a refund of excess premiums (premiums exceeding administrative costs and claims)?

#16 – All three carriers would offer a refund of excess premiums.

Question: What components are included in your company's administrative costs?

#17 – All three carriers listed the same components. One suggested that administrative costs could increase with a multiple carrier setup.

Question: What is an appropriate target claims loss ratio?

#18 – All three agreed that 60 – 82 would be an appropriate target loss ratio.

It was asked if carriers would respond if they had to break out administrative costs. The answer for all three is yes; however, they would request it be kept confidential under the trade secret provision.

Question: What incurred factor to paid claims is applied to a group whose enrollment is growing? In other words, how will your company account for new enrollment where the premiums are booked but there is a lag-time in the claims being incurred, filed or processed?

#19 – It was suggested that this question be asked in the RFP in an example such as 50 new businesses added in January, 40 new businesses added in February, etc.

Question: What is your company's network adequacy? How do you inform members?

#20 – All three carriers have coverage throughout the state, provide directories and online information. It was asked if there was a hole in the network and members must go out of network, how are the members informed of this. It was stated that this only applies to urgent care and it is spelled out in their information.

## Question: What one thing would you change to make the Insure Montana program more successful?

#21 – Suggestions included looking for ways to come up with the next level of funding, making changes in policies, looking at how to increase the pool, opening the pool and plan designs.

## Other discussion:

It was stated that it was discovered in the CHAT project that the two largest groups of members where in the higher and lower income groups. The higher income groups were more interested in catastrophic care and the lower income groups were more interested in first dollar coverage. It was asked how the carriers would respond to the data. The carriers agreed that they would blend their plan to find a middle ground that both groups could appreciate. It was stated that preventative coverage can help with having a high deductible yet meet the needs of low income first dollar members.

There was a discussion regarding reducing uncompensated care. It was stated that it appears individuals in the highest tiers still cannot afford coverage even with the Insure MT subsidy. One carrier felt that the Insure MT program has been very beneficial for those businesses that were almost able to pay for coverage on their own. It was asked if the subsidy could change the health status—the answer no except in tier 6 it could be higher than tier 2. It was stated that tiering of the subsidies was set so the plan does not become the next high risk pool.

It was questioned if there was ability for carriers to measure the care expanding to a network or fee arrangement and share the cost between providers and carriers. Carriers were not interested in this arrangement.

It was suggested that a study of the uninsured be conducted. The study should include individuals who can afford to health insurance but choose not to be insured. A study was conducted in 2004 by the University of MT as described on page 13 of the previous RFP, but it did not include data regarding this group of individuals.

As noted in the packet of handouts, the RFP is anticipated to be posed by June 1, 2008.